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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/862,950	05/22/2001	Joseph Nicholas Del Vecchio		9750

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EXAMINER	
BROOKS, MATTHEW L	

ART UNIT	PAPER NUMBER
3629	

DATE MAILED: 10/13/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/862,950	DEL VECCHIO ET AL.	
	Examiner	Art Unit	
	Matthew L. Brooks	3629	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *20 June 2001*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-69* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-69* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *22 May 2001* is/are: a)☐ accepted or b)☒ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Drawings

1. The drawings are objected to because Figs 7 and 8 do not show processor 40 as described in the Specification. Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. The figure or figure number of an amended drawing should not be labeled as "amended." If a drawing figure is to be canceled, the appropriate figure must be removed from the replacement sheet, and where necessary, the remaining figures must be renumbered and appropriate changes made to the brief description of the several views of the drawings for consistency. Additional replacement sheets may be necessary to show the renumbering of the remaining figures. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the changes are not accepted by the examiner, the applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.

Claim Objections

2. **Claims 8-11** and possibly more are objected to because of the following informalities: Applicant defines a term as "Average Term" then in later claims refers to it

as "Average Patent Term" i.e.; claim 29; and consistency is requested. Appropriate correction is required.

Claim Rejections - 35 USC § 112 1st

3. The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

4. **Claims 1-69** are rejected under 35 U.S.C. 112, first paragraph, as based on a disclosure which is not enabling. Many features, the details of which described below, critical or essential to the practice of the invention, but not included in the claim(s) is not enabled by the disclosure. See *In re Mayhew*, 527 F.2d 1229, 188 USPQ 356 (CCPA 1976).

5. With respect to **Claims 1-5**:

The Applicants method of assessing intellectual property could only work in regards to PATENT/s and not all of the other types of intellectual property listed because applicant has not enabled it to work for anything but a patent or patents. And for the Examiner to apply something like a (CRI) to a copyright would be impossible.

As to "sensitivity analysis" Examiner cannot determine what this is from Applicant's specification. For instance no indication is made of what "relevant factors" comprises (page 12, 25-30).

As to "peer group analysis" Examiner cannot determine what this is from Applicant's specification (page 12, 1-25). Applicant state (pg 12, line 15) similar to the one described above. When Examiner looks above nothing has been described.

As to "competitive analysis" Examiner cannot determine what this is from Applicant's specification (page 13, 5-20). Examiner cannot determine for instance what "expected market trends" would comprise.

6. With respect to **Claim 6**:

Applicant uses the term market data but never states what this is nor how to determine. Undue experimentation. Furthermore Applicant says specifically in specification the present invention avoids market trends (bottom of page 6 and top of 7) then humorously attempts to include market trend factors into the assessment process.

7. With respect to **Claims 8-11**

Even something as simple at the "Average Term" (page 16, lines 1-23) has been muddied in the specification with terms like "may" or also "may be". Leaving it in to the hands of a human/expert to do all. Even in lines 8-11, Applicant does not enable, by stating other comparisons may be performed.

8. With respect to **Claims 28 and 29 and 57:**

Applicant has failed to list the details of and enable the invention in regard to the proposed Modification Factor (MF).

$$\text{Modification Factor} = \sum_{i=1}^{k} (\alpha_i)(X_i)$$

Several Problems arise with the proposed formula and the application thereof. For instance (alpha) is a weighting coefficient determined by the *type of industry*, l*evel of*

technology, and *business activities* of the insured party. The above is given emphasis because when Examiner turns to page 24, 5-10 of Applicant's Specification there is no way to determine or assign numerical values to something as vague as business activities. Furthermore to do so would require undue experimentation of the behalf of the Examiner.

Another Problem with the proposed formula is (X), which is defined by Applicant as a "patent factor selected from the group of ..." However, Applicant fails to state how the factors are chosen and how they interact to come up with a value for X. For Examiner to figure this out would require undue experimentation.

9. With respect to **Claim 37-40 and 60-62**:

Applicant has failed to list the details of and enable the invention in regard to the Proposed Overall Adjusted Claim Ratio Index (CRI).

$$\text{Overall Adjusted CRI}_n = \mu_n^{\varphi}\, \Phi_n^{\gamma} \text{CRI}_{\text{claims } n}$$

Several problems exist here:

A. $\mu_n = \dfrac{\text{(total number of structural limitations in the claims)}}{\text{(total number of structural and functional limitations in the claims)}}$;

Applicant fails to address in the specification the problem that will arise if a method claim is being Adjusted. Which will result in the (U) to have a value of zero, thus making the Overall Adjusted CRI (OACRI) have a value of zero.

B. Problems With φ

φ is a weighting exponent that is adjusted based on the particulars of the patent or patent portfolio under study and used to adjust the value of μ_n;

Applicant never addresses what the particulars are nor is there even a mention at how to arrive at a value of the particulars. To figure this out would be completely burdensome on Examiner, and require extensive experimentation.

C. $\Phi_n = \frac{\text{(total number of words in amended claims) x (number of amendments filed)}^{\lambda}}{\text{(total number of words in unamended claims)}}$

where λ is a weighting exponent that is adjusted based on the particulars of the patent or patent portfolio under study;

With respect to λ there is no mention of the particulars or how to adjust and apply and to do so would require undue experimentation by the Examiner.

D.

γ is a weighting exponent that is adjusted based on the particulars of the patent or patent portfolio under study and used to adjust the value of Φ_n; and

Problems with γ arise in that there is no mention of what particulars are and how they interact, adjust, and assigned value. Undue Experimentation.

10. With respect to **Claim 42-48 and 60-69**:

Applicant never says how to calculate Patent Strength because Applicant never

describes how one goes about determining "Claim Strength". Applicant merely lists calculations at random telling Examiner its calculated and adjusted from group comprising and never bothers to state what of the group is calculated and what is adjusted and how to do the above. This would require undue experimentation. The exact same analysis applies to "Market Strength", but the case is even stronger because to determine this involves "other factors".

Furthermore with special attention paid to Claim 45 in which patent strength is compared to research and development expenditures, Patent Strength values for members of the company's peer group, earnings per share data, stock price, P/E ratio data, Return on Asset data and Return on Investment data; Applicant makes no attempt to show how PS is compared and what numbers would even mean with in the specification.

Even in **Claims 1 and 48** as to the generation of the report Examiner is unsure what is eventually event on this report and is certain that if attempted (by one of ordinary skill) would lead to a different result every time (this argument is also laid out in 101 "useful, concrete, tangible" below).

Claim Rejections - 35 USC § 112 2nd

11. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

12. **Claims 8, 12, 22, 23, 24, 25, 26, 27, 28, 29-47** recites the limitation "the company". There is insufficient antecedent basis for this limitation in the claim. Up to

this point there is a basis for a "company's data" as laid out in claim 7, but no actual company has been introduced.

13. **Claims 29 and 42-44 and 69** recites the limitation "CRI and Patent Strength". There is insufficient antecedent basis for this limitation in the claim.

Claim Rejections - 35 USC § 101

14. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-69 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

(1) whether the invention is within the technological arts; and

(2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the **technological arts**. (Claims **1-40 and 42-47).** Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

Mere intended or nominal use of a component, albeit within the technological arts, does not confer statutory subject matter to an otherwise abstract idea if the component does not apply, involve, use, or advance the underlying process.

In the present case, the Applicants steps can easily be accomplished without the use of a computer and Applicant is merely obtaining information concerning the patent information of a company and the patent portfolio data thereof. Then making calculation in ones head or on a piece of paper then reporting the findings of the above process. All of which may be done without the use of a computer. Even the specification contemplates "skilled professionals" use their expertise to create a report. Is the Applicant trying to prevent/patent all experts from using skills?
Appropriate action is required.

The present invention also fails the "**useful, concrete, tangible**" result test.

For an invention to be "**useful**" it must satisfy the utility requirement of section 101. The PTO's official interpretation of the utility requirement provides that the utility of an invention has to be (i) specific, (ii) substantial and (iii) **credible**. MPEP 2107. In addition, when the examiner has reason to believe that the claim is not for a practical application that produces a useful result, the claim should be rejected, thus requiring the applicant to distinguish the claim from the three exceptions to patentable subject matter by specifically reciting in the claim the practical application. In such cases, statements in the specification describing a practical application may not be sufficient to satisfy the requirements for section 101 with respect to the claimed invention. Likewise, **a claim that can be read so broadly as to include statutory and nonstatutory subject matter must be amended to limit the claim to a practical application**. In other words, if the specification discloses a practical application of an abstract idea, but the claim is broader than the disclosure such that it recites an abstraction, then the claim

must be rejected. The present invention fails the utility requirement in that it is not credible.

The present Application is not patentable subject matter, but is better yet subject matter for a good debate or thesis paper. The Examiner herein now lays out examples of why the application lacks credibility starting first with the Claims Ration Index (CRI) (claims 30-40 and 57-63). Applicant states a CRI is simply (number of words in the claims) over (total number of claims) and as a general principle the more words to a patent claim the higher the CRI value which corresponds to a lower commercial value for the patent (Specification 25, 17-28).

If for instance the examiner were to apply the CRI to Applicant's Application with approx. 3,800 words and a CRI value of approx. 55.1, Applicant's intended future patent will have a very low commercial value. The value of a patent is determined by much more than this and this is one reason why invention is non-credible to Examiner and likely even the Applicant would not find the "reports results" credible, although interesting. The same could be said of the concepts of PY, AT, modification factor, PS, and FPP.

NOTE: Fundamentally the difference between State Street and Application is that the invention in State Street accurately calculated to nearest penny share price while this application only estimates a proposed value based mostly on subjective factors.

Another consideration is whether the invention produces a "**concrete**" result. Usually, this question arises when a result cannot be assured. In other words, the

process must have a result that can be substantially repeatable or the process must substantially produce the same result again. In re Swartz, 232 F.3d 862, 864 (Fed. Cir. 2000) (where asserted result produced by the claimed invention is "irreproducible" claim should be rejected under section 101). The opposite of "concrete" is unrepeatable or **unpredictable**. Resolving this question is dependent on the level of skill in the art. For example, if the claimed invention is for a process which requires a particular skill, to determine whether that process is substantially repeatable will necessarily require a determination of the level of skill of the ordinary artisan in that field. An appropriate rejection under 35 U.S.C. § 101 should be accompanied by a lack of enablement rejection under 35 U.S.C. § 112, paragraph 1, because the invention cannot operate as intended without undue experimentation. *See infra*.

After the examiner identifies and explains in the record the basis for why a claim is for an abstract idea with no practical application, then the burden shifts to the applicant to either amend the claim or make a showing of why the claim is eligible for patent protection. See, e.g., Brana, 51 F.3d at 1566, 34 USPQ2d at 1441; see generally MPEP 2107 (Utility Guidelines). In addition, if an application is rejected under section 101 because there is reason to doubt the asserted utility, then the examiner should also reject the claims for lack of enablement, because a person skilled in the art cannot practice the invention. In re Swartz, 232 F.3d 862, 863 (Fed. Cir. 2000).

In the present case Applicant's invention is unpredictable. No body can truly predict what will happen with all info gathered and combined and/or what factors or

business activities (ie; claim 29) will be used depending upon which expert is evaluating the case.

Claim Rejections - 35 USC § 102

15. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

16. Claims 1, 48, and 68 are rejected under 35 U.S.C. 102(a) as being clearly anticipated by www.micronomics.com (Micronomics).

17. With respect to **Claims 1-7, 48-52, and 68**: Micronomics discloses

A system and method for assessing intellectual property comprising: gathering intellectual property data (page 1 "collection"); performing an assessment of the intellectual property data (page 3); and generating a report based on the assessment of the intellectual property data (page 4).

Claim Rejections - 35 USC § 103

18. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

19. The factual inquiries set forth in *Graham* **v.** *John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

20. **Claims 1-69** are rejected under 35 U.S.C. 103(a) as being unpatentable over Micronomics.

Micronomics shows a system and method for assessing intellectual property comprising: gathering intellectual property data (page 1 "collection"); performing an assessment of the intellectual property data (page 3); and generating a report based on the assessment of the intellectual property data (page 4).

Furthermore Micronomics shows valuations of IP based upon relevant issues, analyitical and empirical models. Shows the method and system of assessing each company's patent portfolio, size and strength of individual patents, anticipated rate of growth, product sales based upon patented technology, and comparisons to other (competitor) companies using databases pertaining to intellectual property assets (pages 5-6). Micronomics also teaches (in relation to modification factor) evaluating risk by applying a variety of financial and statistical techniques (page 6).

Furthermore still Micronomics teaches many issues that are of concern when evaluating patent portfolios including: the relative size of portfolio, speed with which it is growing, the quality of the portfolio (similar to CRI), comparison to R and D costs of

obtaining patent, accessing a patent data base and determining patent numbers issues to a certain company with in a class, valuation of patents into groups, a comparison of patent value over time, and the use of "hedonic pricing models" to estimate the value of various characteristics and particular factors (pages 11-15).

Micronomics teaches all of the elements claimed with the exception of the actual formulas used to carry out the assessment made.

In determining the obviousness of applying what is generally known in the IP Evaluation Industry to what is known in the world of Math/Accounting one must determine the level of ordinary skill (Dann v. Johnston, 425 U.S. 219, 189 USPQ 257 (1976)). Math/Accounting, to one ordinarily skilled in the art, for some time now is recognized as a vehicle in which value is calculated. The use of such for valuating assets and risk is widely known through the use of many techniques. Also, the IP Evaluation industry has utilized formulas for years to keep track of accounts evaluate IP and present this data to their customers through presentations and reports via mail , internet or other forms.

The examiner takes Official Notice that one would have to use the exact same formulas used. NOTE that although the person performing the assessment may not even realize that while they are performing the qualitative calculations, they are also inherently performing the quantitative calculations. Evidence of this is provided by the following example of one of ordinary skill determining a patent value of a patent issued and filed as of 1/1/2000, and the risk of insuring it.

If one of ordinary skill is evaluating a patent the first thing they would do is to see how much time remains on the patent (AT and PY) by looking at the filing date. In simply thinking this thought and then realizing there was only 14 years left the evaluator would have come up with the Future Patent Power, although it may not have been expressed (written or orally). Next in determining value one of ordinary skill would look to the claims. If one of ordinary skill saw relatively few claims of few words the artisan would realize the patent claims are broad and may correlate to a broader scope and thus a greater commercial value (CRI). Next with or without necessarily the use of an actual formula the skilled artisan would have to consider the strength of the claims the surrounding competitor's in the market and what the patent protection affords due to market conditions (Patent Strength). Next in deciding whether or not to ensure the person of ordinary skill would have to consider the market, type of business activities and products produced by a business, and level of technology in the field/class in relation to the details of the patent (Modification Factor). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the formulas in the system of Macronomics because the formulae would put a numerical value on the price of a patent which is easier for a client requesting a report to understand. The use and advantages of this step are well known.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Matthew L. Brooks whose telephone number is (571) 272-8112. The examiner can normally be reached on Monday - Friday; 8 AM - 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on (571) 272-8112. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

MLB
10/2/2005

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